

**SHAMATTAWA FIRST NATION
INDEPENDENT AUDITOR'S REPORT
CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2015**

SHAMATTAWA FIRST NATION

MARCH 31, 2015

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INDEPENDENT AUDITORS' REPORT

To The Members of Shamattawa First Nation and Chief and Council:

We have audited the accompanying consolidated financial statements of Shamattawa First Nation, which comprise the consolidated statement of financial position as at March 31, 2015, and the consolidated statements of operations, changes in net debt and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Managements' Responsibility for the Financial Statements

Management is responsible for the preparation and the fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Except as described in the Basis of Qualified Opinion paragraph, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

During the course of our audit for the current year, we were unable to obtain satisfactory audit evidence for the opening balance and accurate cut-off of accounts payable. Since accounts payable factors into the determination of the results of operations, net debt, and accumulated surplus, we are unable to determine whether any adjustments to expenses, net debt, and accumulated surplus might be necessary.

As we were not appointed auditors of the First Nation until after March 31, 2015 and thus did not observe the counting of physical fuel inventory for resale and prepaid fuel supply for Kisemattawa Pimmukamik at the beginning and end of the year, we were unable to satisfy ourselves by alternative means as to the opening and closing balance of inventory which is stated at \$1,200,000 in the statement of financial position. Since opening and closing inventory enters into the determination of results of operations, net debt, and accumulated surplus, we are unable to determine whether adjustments to inventory, purchases, net debt, and accumulated surplus might be necessary.

Your Foundation for the Future.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

Qualified Opinion

In our opinion, except for the possible effects of the adjustments described in the Basis for Qualified Opinion paragraph, these consolidated financial statements present fairly, in all material respects, the consolidated financial position of Shamattawa First Nation as at March 31, 2015 and the consolidated statements of operations, changes in net debt, and cash flow for the year then ended.

Port Group

CHARTERED PROFESSIONAL
ACCOUNTANTS INC.

Winnipeg, Manitoba
June 22, 2017



SHAMATTAWA FIRST NATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
MARCH 31, 2015

	2015	2014
FINANCIAL ASSETS		
Cash (Note 3)	\$ 1,330,740	6,828,395
Cash in Ottawa Trusts (Note 4)	3,927	3,779
Accounts receivable (Note 5)	118,858	-
Advances receivable	31,620	20,823
Due from government and other government organizations (Note 6)	12,973,151	1,397,974
Inventories for resale (Note 7)	<u>1,200,000</u>	<u>1,200,000</u>
	<u>15,658,296</u>	<u>9,450,971</u>
LIABILITIES		
Accounts payable and accrued liabilities (Note 8)	12,640,934	10,015,241
Due to government and other governmental organizations (Note 9)	731,210	731,210
Deferred revenue (Note 10)	12,903,625	4,821,610
Long-term debt (Note 11)	<u>8,278,436</u>	<u>8,360,197</u>
	<u>34,554,205</u>	<u>23,928,258</u>
NET DEBT	<u>(18,895,909)</u>	<u>(14,477,287)</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 12)	82,193,107	74,479,081
Prepaid expenses and deferred charges	<u>650,000</u>	<u>650,000</u>
	<u>82,843,107</u>	<u>75,129,081</u>
ACCUMULATED SURPLUS	<u>\$ 63,947,198</u>	<u>60,651,794</u>

APPROVED BY THE FIRST NATION:

Chief

Councillor _____ Councillor

Councillor _____ Councillor

Councillor _____ Councillor

SHAMATTAWA FIRST NATION
CONSOLIDATED STATEMENT OF OPERATIONS
YEAR ENDED MARCH 31, 2015

	2015		2014
	<u>Budget</u> (<u>Unaudited</u>)	<u>Actual</u>	<u>Actual</u>
REVENUE			
Federal government transfers for operating	\$ 8,762,797	15,304,699	18,466,490
Federal government transfers for capital	3,920,383	10,501,308	11,850,206
Provincial government transfers for operating	-	20,429	-
Other revenue	<u>1,770,172</u>	<u>2,481,542</u>	<u>3,659,500</u>
	<u>14,453,352</u>	<u>28,307,978</u>	<u>33,976,196</u>
EXPENSES			
Health	223,914	1,722,864	2,127,701
Education	45,476	4,989,147	4,060,109
Social services	4,465,937	4,479,386	3,899,909
Economic development	159,141	689,010	793,670
Public works	3,032,611	2,088,886	1,713,444
Housing	1,345,052	2,438,776	944,617
Band government	3,683,248	4,502,149	3,350,705
Private enterprises	369,760	328,894	1,485,080
Elimination adjustments	-	(180,814)	-
Amortization of tangible capital assets	<u>-</u>	<u>3,954,276</u>	<u>4,204,893</u>
	<u>13,325,139</u>	<u>25,012,574</u>	<u>22,580,128</u>
ANNUAL SURPLUS	1,128,213	3,295,404	11,396,068
ACCUMULATED SURPLUS, BEGINNING OF YEAR,	<u>60,651,794</u>	<u>60,651,794</u>	<u>49,255,726</u>
ACCUMULATED SURPLUS, END OF YEAR	<u>\$ 61,780,007</u>	<u>63,947,198</u>	<u>60,651,794</u>

**SHAMATTAWA FIRST NATION
CONSOLIDATED STATEMENT OF CHANGES IN NET DEBT
YEAR ENDED MARCH 31, 2015**

	<u>Budget</u> (Unaudited)	<u>2015</u> <u>Actual</u>	<u>2014</u> <u>Actual</u>
ANNUAL SURPLUS (DEFICIT)	\$ 1,128,213	3,295,404	11,396,068
Tangible capital assets			
Acquisition of tangible capital assets	-	(13,175,601)	(34,634,739)
Amortization of tangible capital assets	-	3,954,275	4,204,893
Assets under construction completed	-	-	22,917,873
Loss on write-down of tangible capital assets	<u>-</u>	<u>1,507,300</u>	<u>-</u>
	<u>-</u>	<u>(7,714,026)</u>	<u>(7,511,973)</u>
Other non-financial assets			
Consumption (acquisition) of prepaid expenses	<u>-</u>	<u>-</u>	<u>55,284</u>
DECREASE (INCREASE) IN NET DEBT	1,128,213	(4,418,622)	3,939,379
NET DEBT, BEGINNING OF YEAR	<u>(14,477,287)</u>	<u>(14,477,287)</u>	<u>(18,416,666)</u>
NET DEBT, END OF YEAR	\$ <u>(13,349,074)</u>	<u>(18,895,909)</u>	<u>(14,477,287)</u>

SHAMATTAWA FIRST NATION
CONSOLIDATED STATEMENT OF CASH FLOW
YEAR ENDED MARCH 31, 2015

	<u>2015</u>	<u>2014</u>
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Annual surplus	\$ 3,295,404	11,396,068
Add back non-cash item(s):		
Amortization of tangible capital assets	<u>3,954,275</u>	<u>4,204,893</u>
	7,249,679	15,600,961
Change in non-cash working capital:		
Accounts receivable	(118,858)	14,345
Advances receivable	(10,797)	-
Due from government and other government organizations	(11,575,177)	(1,017,119)
Inventories for resale	-	(70,000)
Accounts payable and accrued liabilities	2,625,693	3,678,261
Deferred revenue	8,082,015	(3,341,539)
Prepaid expenses and deferred charges	<u>-</u>	<u>55,284</u>
	<u>6,252,555</u>	<u>14,920,193</u>
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	(13,175,601)	(34,634,739)
Assets under construction completed	<u>-</u>	<u>22,917,873</u>
Loss on disposal of tangible capital assets	<u>1,507,300</u>	<u>-</u>
	<u>(11,668,301)</u>	<u>(11,716,866)</u>
FINANCING ACTIVITIES		
Long-term debt advances	525,901	115,550
Long-term debt repayments	<u>(607,662)</u>	<u>(878,488)</u>
	<u>(81,761)</u>	<u>(762,938)</u>
INCREASE (DECREASE) IN CASH	(5,497,507)	2,440,389
CASH, BEGINNING OF YEAR	<u>6,832,174</u>	<u>4,391,785</u>
CASH, END OF YEAR	<u>\$ 1,334,667</u>	<u>6,832,174</u>
CASH IS REPRESENTED BY:		
Cash	\$ 1,330,740	6,828,395
Cash in Ottawa Trusts	<u>3,927</u>	<u>3,779</u>
	<u>\$ 1,334,667</u>	<u>6,832,174</u>

**SHAMATTAWA FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2015**

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

The First Nation follows the INAC accounting guidelines as set out in the "Year End Reporting Handbook for funding agreements covering fiscal year 2014-2015" which requires that the consolidated financial statements be prepared in accordance with Canadian generally accepted accounting principles for governments, as defined in the Chartered Professional Accountants of Canada Public Sector Accounting Handbook.

(b) Reporting Entity

Shamattawa First Nation is a non-profit Indian Band as defined by Indigenous and Northern Affairs Canada (INAC). The objective of the First Nation is to operate as the governing entity in providing services on the reserve in all areas. Shamattawa First Nation reporting entity includes all related entities which are accountable to the First Nation and are either owned or controlled by the First Nation.

(c) Basis of Consolidation

All controlled entities are fully consolidated on a line-by-line basis. This method combines the accounts of distinct organizations. It requires uniform accounting policies for the organizations. Inter-organizational balances and transactions are eliminated under this method. This method reports the organizations as if they were one organization. These financial statements include the financial assets, liabilities, net debt, non-financial assets, accumulated surplus, revenue and expenses for the following entities controlled or owned by the First Nation:

Shamattawa First Nation Administration

Shamattawa First Nation CMHC Housing Authority

Kisemattawa Pimukamik

Shamattawa First Nation Health Authority

Shamattawa First Nation Employment and Training

Shamattawa First Nation Education Authority

(d) Asset Classification

Assets are classified as either financial or non-financial. Financial assets are assets that could be used to discharge existing liabilities or finance future operations. Non-financial assets are acquired, constructed or developed assets that do not provide resources to discharge existing liabilities but are employed to deliver government services, may be consumed in normal operations and are not for resale. Non-financial assets include tangible capital assets, construction in progress, prepaid expenses and inventories of supplies.

(e) Inventory

Inventories for resale are stated at the lower of cost and net realizable value with cost being determined using the first-in, first-out method.

**SHAMATTAWA FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2015**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Tangible Capital Assets

Tangible capital assets include acquired, built, developed and improved tangible capital assets, whose useful life extends beyond one year and which are intended to be used on an ongoing basis for producing goods or delivering services.

Tangible capital assets are reported at gross cost. Contributions received to assist in the acquisition of tangible capital assets are reported as deferred revenue and amortized to income at the same rate as the related asset.

Certain assets which have historical or cultural value, including works of art, historical documents and historical and cultural artifacts, are not recognized as tangible capital assets. Assets under construction are not amortized until the asset is available to be put into service.

Amortization of tangible capital assets is recognized as an expense in the Statement of Operations.

Amortization is provided for on a straight-line basis at the rates in the table that follows. One-half of the annual amortization is charged in the year of acquisition and in the year of disposal.

Buildings	15 - 40 years
Housing	25 years
Infrastructure	25 years
Equipment	5 years
Vehicles	3 - 5 years
Furniture and fixtures	5 years

(g) Deferred Revenue

Deferred revenue represents unspent Government transfers for programs where eligibility criteria have not been met at year end. The unspent revenue is carried forward to be recognized as eligibility criteria is met or until the funder deems the surplus to be repayable at which time an amount payable is recognized.

(h) Revenue Recognition

Government transfers

Transfers from the Government of Canada are recognized as revenue in the year the entitlement has been authorized, when any eligibility criteria have been met and when the amount can be reasonably estimated.

Other revenue

Restricted other revenue is recognized as revenue in the year in which the related expenses are incurred and when the amount can be reasonably estimated and collection is reasonably assured.

Unrestricted other revenue is recognized when:

- services have been performed, or
- goods have been delivered, or
- the amount has been received or is receivable, and when the amount can be reasonably estimated and collection is reasonably assured.

SHAMATTAWA FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2015

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Net Debt

The First Nation's financial statements are presented so as to highlight net debt as the measurement of financial position. The net debt of the First Nation is determined by its liabilities less its financial assets. Net debt is comprised of two components, non-financial assets and accumulated surplus.

(j) Segmented Information

The First Nation discloses segmented results of operations for the year in note 19 to the consolidated financial statements. The First Nation has segregated its activities into the following segments based on distinguishable groups of activities;

Health

Shamattawa Health Authority

Education

Shamattawa Education

Social

Social services

Economic Development

Economic development program

Employment and training

Public Works

Community services

Operations and maintenance

Policing, security and protection

Housing

CMHC housing

Capital housing projects

Band Government

Band administration

Capital projects

Private Enterprises

Kisemattawa Pimukamik

(k) Use of Estimates

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting periods presented. Actual results could differ from these estimates.

SHAMATTAWA FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2015

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(I) Financial Instruments

Financial instruments held by the First Nation include cash, accounts receivable, advances receivable, accounts payable and accrued liabilities, amounts due to/from government and other government organizations and long-term debt. The First Nation initially measures its financial instruments at fair value when the asset or liability is first recognized. The First Nation subsequently measures its financial instruments at cost or amortized cost. Amortized cost is the amount at which the financial instrument is measured at initial recognition less principal repayments, plus or minus the cumulative of any difference between that initial amount and the maturity amount, and minus any reduction for impairment.

2. RISK MANAGEMENT

(a) Credit Risk

Credit risk is the risk that a counterparty will default on its financial liabilities. Financial assets which potentially subject the First Nation to credit risk and concentrations of credit risk consist principally of cash and accounts receivable. Management manages credit risk associated with accounts receivable by pursuing collections when they are due.

(b) Interest Rate Price Risk

It is management's opinion that the First Nation is exposed to interest rate price risk due to long-term debt being at being at a fixed rate.

(c) Liquidity Risk

Liquidity risk is the risk that the First Nation will not be able to meet its financial obligations related to financial liabilities as they come due. Financial liabilities consist of accounts payable and accrued liabilities and long-term debt. Accounts payable and accrued liabilities are paid in the normal course of operations and except under certain exceptions, no later than three months. See Note 11 for the repayment schedule of long-term debt. The First Nation has insufficient financial assets to meet or settle its current liabilities.

The First Nation's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet liabilities when due. At March 31, 2015, the First Nation has a cash balance of \$1,330,740 and a net debt position of \$18,895,909. Management of the First Nation are working to reduce the debt through careful management of expenditures. Additionally, \$8,278,436 of the debt relates to long-term debt, which is primarily comprised of loans on CMHC housing project. The assets are recorded under non-financial assets on the consolidated statement of financial position.

SHAMATTAWA FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2015

3. CASH	<u>2015</u>	<u>2014</u>
Unrestricted - operating	\$ 1,281,990	6,802,478
Externally restricted		
Apartment replacement and subsidy	1,205,825	1,111,445
Soil remediation project	49,207	499,794
Nursing station project	22,833	-
New school project	<u>1,683,854</u>	<u>6,704,171</u>
	2,961,719	8,315,410
Internally restricted		
Education - bus replacement	<u>25,917</u>	<u>25,917</u>
	<u>\$ 1,330,740</u>	<u>6,828,395</u>

Restrictions on cash

The First Nation is subject to restrictions placed on its cash due to an agreement with CMHC as disclosed in note 13 to these consolidated financial statements. As at March 31, 2015, \$1,205,825 (2014 - \$1,111,445) was restricted for expenditures to be approved by CMHC.

4. TRUST FUNDS HELD BY THE FEDERAL GOVERNMENT

	<u>March 31, 2014</u>	<u>Additions 2015</u>	<u>Withdrawals 2015</u>	<u>March 31, 2015</u>
Revenue	\$ 2,353	148	-	2,501
Capital	<u>1,426</u>	<u>-</u>	<u>-</u>	<u>1,426</u>
	<u>\$ 3,779</u>	<u>148</u>	<u>-</u>	<u>3,927</u>

The trust funds arise from monies derived from capital or revenue sources as outlined in Section 62 of the Indian Act. These funds are held in trust in the Consolidated Revenue Fund of the Government of Canada. The management of these funds is primarily governed by Sections 63 to 69 of the Indian Act.

5. ACCOUNTS RECEIVABLE

	<u>2015</u>	<u>2014</u>
Due from members	\$ 65,723	-
Conawapa project receivable	<u>53,135</u>	<u>-</u>
	<u>\$ 118,858</u>	<u>-</u>

6. DUE FROM GOVERNMENT AND OTHER GOVERNMENT ORGANIZATIONS

	<u>2015</u>	<u>2014</u>
Federal government		
INAC	\$ 2,228,522	643,455
Human Resources and Skills Development Canada	160,742	85,091
CMHC	11,070	346,719
Health Canada	<u>10,572,817</u>	<u>322,709</u>
	<u>\$ 12,973,151</u>	<u>1,397,974</u>

7. INVENTORIES FOR RESALE

	<u>2015</u>	<u>2014</u>
Gasoline and diesel	<u>\$ 1,200,000</u>	<u>1,200,000</u>

SHAMATTAWA FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2015

			2015	2014
8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES				
Trade payables			\$ 11,772,489	9,604,824
Receiver General			857,102	394,517
Interest payable			<u>11,343</u>	<u>15,898</u>
			<u><u>\$ 12,640,934</u></u>	<u><u>10,015,239</u></u>
9. DUE TO GOVERNMENT AND OTHER GOVERNMENT ORGANIZATIONS				
			2015	2014
INAC			<u>\$ 731,210</u>	<u>731,210</u>
10. DEFERRED REVENUE	Balance	Funding	Revenue	Balance
	March 31,	Received	Recognized/	March 31,
			2015	2015
Federal Government	2014	2015	2015	2015
Northern Store - rent	9,658	-	-	9,658
INAC				
Soil remediation	1,021,880	-	308,036	713,844
New school project	2,282,272	8,226,900	9,949,659	559,513
Band housing	1,507,800	-	-	1,507,800
Health Canada				
Capital - Nursing station	<u>-</u>	<u>10,664,459</u>	<u>551,649</u>	<u>10,112,810</u>
	<u><u>\$ 4,821,610</u></u>	<u><u>18,891,359</u></u>	<u><u>10,809,344</u></u>	<u><u>12,903,625</u></u>
11. LONG-TERM DEBT			2015	2014
Peace Hills Trust mortgage payable, interest at 5.40%, repayable in blended monthly installments of \$6,267, matures October 31, 2016 scheduled to be renewed August 1, 2015, secured by a Ministerial Guarantee and assignment of fire insurance.			\$ 170,561	235,612
Peace Hills Trust mortgage payable, interest at 5.40%, repayable in blended monthly installments of \$8,142, matures September 30, 2020, scheduled to be renewed September 1, 2015, secured by a Ministerial Guarantee and assignment of fire insurance.			48,379	141,758
Peace Hills Trust Mortgage payable, interest at 4.85%, repayable in blended monthly installments of \$8,509, repaid during the year.			-	59,517
Peace Hills Trust Mortgage payable, interest at prime plus 2%, repayable in blended monthly installments of \$14,956, with no maturity date.			<u>1,349,376</u>	<u>823,475</u>
Balance to be carried forward to next page			<u>\$ 1,568,316</u>	<u>1,260,362</u>

SHAMATTAWA FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2015

11. LONG-TERM DEBT (Continued)	<u>2015</u>	<u>2014</u>
Balance carried forward from the previous page	\$ 1,568,316	1,260,362
CMHC mortgage payable, interest at 1.83%, repayable in blended monthly installments of \$4,812, matures November 1, 2024 scheduled to be renewed December 12, 2019, secured by a Ministerial Guarantee, CMHC undertaking to insure and assignment of fire insurance.	511,398	557,911
CMHC mortgage payable, interest at 1.83%, repayable in blended monthly installments of \$933, matures November 1, 2024 scheduled to be renewed December 1, 2016, secured by a Ministerial Guarantee, CMHC undertaking to insure and assignment of fire insurance.	99,110	108,125
CMHC mortgage payable, interest at 1.53%, repayable in blended monthly installments of \$3,533, matures August 1, 2020 scheduled to be renewed December 1, 2017, secured by a Ministerial Guarantee, CMHC undertaking to insure and assignment of fire insurance.	220,253	258,964
CMHC mortgage payable, interest at 2.02%, repayable in blended monthly installments of \$3,250, matures June 1, 2033 scheduled to be renewed August 1, 2018, secured by a Ministerial Guarantee and assignment of fire insurance.	595,262	621,992
CMHC mortgage payable, interest at 2.35%, repayable in blended monthly installments of \$3,065, matures August 1, 2033 scheduled to be renewed September 1, 2018, secured by a Ministerial Guarantee and assignment of fire insurance.	549,900	573,519
CMHC mortgage payable, interest at 2.35%, repayable in blended monthly installments of \$4,596, matures August 1, 2033 scheduled to be renewed September 1, 2018, secured by a Ministerial Guarantee and assignment of fire insurance.	824,722	860,144
CMHC mortgage payable, interest at 1.97%, repayable in blended monthly installments of 6,461, matures January 1, 2019 scheduled to be renewed January 1, 2019, secured by a Ministerial Guarantee and assignment of fire insurance.	286,060	356,442
CMHC mortgage payable, interest at 1.83%, repayable in blended monthly installments of 6,210, matures December 1, 2034 scheduled to be renewed December 1, 2019, secured by a Ministerial Guarantee and assignment of fire insurance	1,235,156	1,283,712
CMHC mortgage payable, interest at 2.51%, repayable in blended monthly installments of 6,261, matures March 1, 2035 scheduled to be renewed May 1, 2015, secured by a Ministerial Guarantee and assignment of fire insurance	<u>1,180,146</u>	<u>1,225,189</u>
Balance to be carried forward to next page	<u>\$ 7,070,323</u>	<u>7,106,360</u>

**SHAMATTAWA FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2015**

11. LONG-TERM DEBT (Continued)	<u>2015</u>	<u>2014</u>
Balance carried forward from the previous page	\$ 7,070,323	7,106,360
CMHC mortgage payable, interest at 1.44%, repayable in blended monthly installments of \$5,256, matures July 1, 2037 scheduled to be renewed December 1, 2017, secured by a Ministerial Guarantee and assignment of fire insurance.	<u>1,208,113</u>	<u>1,253,837</u>
	<u><u>\$ 8,278,436</u></u>	<u><u>8,360,197</u></u>

The principal portion of long-term debt is repayable for the years ended as follows:

March 31, 2016	\$ 1,867,523
2017	481,422
2018	449,609
2019	413,943
2020	356,255
Thereafter	<u>4,709,684</u>
	<u><u>\$ 8,278,436</u></u>

**SHAMATTAWA FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2015**

12. TANGIBLE CAPITAL ASSETS

	COST			ACCUMULATED AMORTIZATION			NET BOOK VALUE			
	Opening Balance	Additions	Transfers / Disposals	Closing Balance	Opening Balance	Amortization and write offs	Disposals	Closing Balance	Total 2015	Total 2014
Tangible Capital Assets										
Buildings	\$52,552,501	-	-	52,552,501	40,709,110	1,313,813	-	42,022,923	10,529,578	11,843,391
Housing	16,906,112	-	-	16,906,112	8,616,809	620,740	-	9,237,549	7,668,563	8,289,303
Infrastructure	40,222,960	-	-	40,222,960	17,976,496	1,608,918	-	19,585,414	20,637,546	22,246,464
Equipment	2,226,807	-	-	2,226,807	2,146,999	79,808	-	2,226,807	-	79,808
Vehicles	973,737	392,722	-	1,366,459	611,837	276,384	-	888,221	478,238	361,900
Furniture and fixtures	111,216	205,687	-	316,903	68,167	54,612	-	122,779	194,124	43,049
	<u>12,993,333</u>	<u>598,409</u>	-	<u>13,591,742</u>	<u>70,129,418</u>	<u>3,954,275</u>	-	<u>74,083,693</u>	<u>39,508,049</u>	<u>42,863,915</u>
Assets Under Construction										
New school	28,340,166	9,949,658	-	38,289,824	-	-	-	-	38,289,824	28,340,166
Housing	2,700,000	2,075,885	(1,507,300)	3,268,585	-	-	-	-	3,268,585	2,700,000
Community hall	575,000	-	-	575,000	-	-	-	-	575,000	575,000
Nursing station	-	551,649	-	551,649	-	-	-	-	551,649	-
	<u>31,615,166</u>	<u>12,577,192</u>	<u>(1,507,300)</u>	<u>42,685,058</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>42,685,058</u>	<u>31,615,166</u>
TOTAL	\$44,608,499	13,175,601	(1,507,300)	56,276,800	70,129,418	3,954,275	-	74,083,693	32,193,107	74,479,081

**SHAMATTAWA FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2015**

13. CMHC HOUSING AUTHORITY REPLACEMENT RESERVE

Under the terms of the agreement with CMHC, the replacement reserve account is to be credited with an amount of \$94,380 annually. These funds, along with accumulated interest, must be held in a separate bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may otherwise be approved by CMHC from time to time. The funds in the account may only be used as approved by CMHC. Withdrawals are credited to interest first and then principal.

	2015	2014
Pre 1997 Project		
Balance, beginning of year	\$ 673,996	641,246
Allocation for year	<u>32,750</u>	<u>32,750</u>
Balance, end of year	<u>706,746</u>	<u>673,996</u>
Post 1996 Projects		
Balance, beginning of year	437,449	314,257
Allocation for year	<u>61,630</u>	<u>61,630</u>
Phase 008 surplus	<u>-</u>	<u>61,562</u>
Balance, end of year	<u>499,079</u>	<u>437,449</u>
	<u><u>\$ 1,205,825</u></u>	<u><u>1,111,445</u></u>

At year end, the replacement reserve fund had assets of \$nil (2014 - \$nil) which was insufficient to cover reserve fund liabilities of \$1,205,825 (2014 - \$1,111,445).

14. GOVERNMENT TRANSFERS

	Operating	Capital	Total 2015
Indigenous and Northern Affairs Canada	\$ 12,660,711	9,949,659	22,610,370
Human Resources Canada	477,348	-	477,348
Canada Mortgage and Housing Corporation	600,992	-	600,992
Health Canada	<u>1,565,648</u>	<u>551,649</u>	<u>2,117,297</u>
	<u><u>\$ 15,304,699</u></u>	<u><u>10,501,308</u></u>	<u><u>25,806,007</u></u>
	Operating	Capital	Total 2014
Indigenous and Northern Affairs Canada	\$ 15,612,762	11,584,600	27,197,362
Human Resources Canada	477,349	-	477,349
Canada Mortgage and Housing Corporation	637,290	-	637,290
Health Canada	<u>1,683,958</u>	<u>265,606</u>	<u>1,949,564</u>
Solicitor General	<u>55,131</u>	<u>-</u>	<u>55,131</u>
	<u><u>\$ 18,466,490</u></u>	<u><u>11,850,206</u></u>	<u><u>30,316,696</u></u>

15. COMPARATIVE FIGURES

Certain of the comparative figures have been reclassified to reflect the financial statement presentation adopted for the current year.

SHAMATTAWA FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2015

16. BUDGET INFORMATION

The unaudited budget figures have been provided for comparison purposes and have been derived from the estimates approved by Chief and Council.

17. EXPENSES BY OBJECT

	<u>2015</u>	<u>2014</u>
Administration and office	\$ 117,643	234,814
Amortization	3,954,276	4,204,893
Bad debts	4,650	-
Band support	391,966	247,407
Bank charges and interest	118,238	33,748
Capital and equipment	285,042	335,696
Construction in process - loss on writedown	1,507,300	-
Contract fees and services	116,847	102,802
Freight	22,390	3,775
Fuel	1,204,011	1,880,070
Interest on long-term debt	26,230	202,393
Insurance	595,873	441,551
Other expenses - lawsuit settlement	1,669,921	-
Operations and maintenance	45,628	154,239
Professional fees	1,224,201	363,420
Rental expenditures	240,110	417,864
Salaries and benefits	6,065,476	4,423,168
Social assistance	3,148,539	3,642,942
Supplies and materials	1,193,873	2,994,445
Telephone and communications	150,035	64,527
Training	273,134	455,479
Travel	1,066,902	1,129,601
Utilities	<u>1,590,289</u>	<u>1,247,294</u>
	<u>\$ 25,012,574</u>	<u>22,580,128</u>

18. SUBSEQUENT EVENT

Subsequent to the year-end in September 2016, the Band Office was destroyed in a fire. An insurance claim has been filed as a result of this event. The net loss from this event is not readily determinable at this time.

**SHAMATTAWA FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2015**

19. SEGMENTED INFORMATION

REVENUES	HEALTH			EDUCATION			SOCIAL		
	Budget 2015	2015	2014	Budget 2015	2015	2014	Budget 2015	2015	2014
Federal Government	\$ 1,570,162	1,565,648	1,539,144	\$ 265,606	3,920,383	5,013,170	4,670,748	4,337,214	4,009,130
Operating Transfers	-	551,649	-	-	-	9,949,659	-	-	3,911,693
Capital Transfers	-	-	-	144,814	-	-	-	-	-
Operating Transfers	-	-	-	-	-	1,298	-	-	-
Other	-	-	-	-	-	-	-	-	-
1,570,162	2,117,297	1,949,564	3,920,383	14,964,127	4,670,748	4,337,214	4,009,130	3,911,693	
EXPENSES									
Salaries and benefits	48,000	873,417	716,217	13,572	2,698,629	2,000,031	454,357	81,966	107,289
Amortization	-	136,837	35,153	-	-	-	-	-	-
Other	175,914	849,447	1,411,484	31,904	2,290,518	2,060,078	4,011,580	4,397,420	3,792,620
	223,914	1,859,701	2,162,854	45,476	4,989,147	4,060,109	4,465,937	4,479,386	3,899,909
ANNUAL SURPLUS (DEFICIT)	\$ 1,346,248	257,596	(213,290)	\$ 3,874,907	9,974,980	610,639	(128,723)	(470,256)	11,784

(i) Of the total current year Band other revenue, the following amounts have been recorded as expenses in the sub entities and as an other revenue in the Band.

**SHAMATTAWA FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2015**

19. SEGMENTED INFORMATION

ECONOMIC DEVELOPMENT		PUBLIC WORKS			HOUSING				
Revenue	Budget 2015	2015	2014	Budget 2015	2015	2014	Budget 2015	2015	2014
Federal Government									
Operating Transfers	194,141	645,625	696,797	1,192,717	2,151,659	1,821,079	555,684	600,992	911,640
Capital Transfers	-	-	-	-	-	-	-	-	-
Operating Transfers	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	5,300	338,011	541,922	336,679	295,013
	<u>194,141</u>	<u>645,625</u>	<u>696,797</u>	<u>1,192,717</u>	<u>2,156,959</u>	<u>2,159,090</u>	<u>1,097,606</u>	<u>937,671</u>	<u>1,206,653</u>
EXPENSES									
Salaries and benefits	109,565	397,717	347,625	327,182	808,518	774,341	192,000	246,795	-
Amortization	-	-	-	-	-	-	-	-	620,740
Other	49,576	291,293	446,045	2,705,429	1,280,368	939,103	1,153,052	2,191,981	944,617
	<u>159,141</u>	<u>689,010</u>	<u>793,670</u>	<u>3,032,611</u>	<u>2,088,886</u>	<u>1,713,444</u>	<u>1,345,052</u>	<u>2,438,776</u>	<u>1,565,357</u>
ANNUAL SURPLUS (DEFICIT)	<u>35,000</u>	<u>(43,385)</u>	<u>(96,873)</u>	<u>(1,839,894)</u>	<u>68,073</u>	<u>445,646</u>	<u>(247,446)</u>	<u>(1,501,105)</u>	<u>(358,704)</u>

SHAMATTAWA FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2015

19. SEGMENTED INFORMATION

	BAND GOVERNMENT		PRIVATE ENTERPRISE		ADJUSTMENTS	
	Budget 2015	2015	Budget 2015	2014	Budget 2015	2014
REVENUES						
Federal Government	912,879	1,318,475	4,915,389	-	-	-
Operating Transfers	-	-	11,584,600	-	-	-
Capital Transfers	-	20,429	-	-	-	-
Operating Transfers	-	842,061	1,246,930	405,393	1,477,018	1,634,732
Other	822,857	-	-	-	-	(180,814)
	1,735,736	2,180,965	17,746,919	405,393	1,477,018	1,634,732
EXPENSES						
Salaries and benefits	574,997	749,544	354,731	102,960	208,890	122,934
Amortization	-	3,817,439	3,549,000	-	-	-
Other	3,108,251	3,752,605	2,995,974	266,800	120,004	1,362,146
	3,683,248	8,319,588	6,899,705	369,760	328,894	1,485,080
ANNUAL SURPLUS (DEFICIT)	(1,947,512)	(6,138,623)	10,847,214	35,633	1,148,124	149,652

**SHAMATTAWA FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2015**

19. SEGMENTED INFORMATION

	<u>CONSOLIDATED TOTAL</u>		
	<u>Budget</u> <u>2015</u>	<u>2015</u>	<u>2014</u>
REVENUES			
Federal Government	8,762,797	15,304,699	18,466,490
Operating Transfers	3,920,383	10,501,308	11,850,206
Capital Transfers	-	20,429	-
Operating Transfers	1,770,172	2,481,542	3,659,500
Other	14,453,352	28,307,978	33,976,196
EXPENSES			
Salaries and benefits	1,822,633	6,065,476	4,423,168
Amortization	-	3,954,276	4,204,893
Other	11,502,506	14,992,822	13,952,067
	13,325,139	25,012,574	22,580,128
ANNUAL SURPLUS (DEFICIT)	<u>1,128,213</u>	<u>3,295,404</u>	<u>11,396,068</u>